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FISCAL IMPACT STATEMENT

LS 7055

BILL NUMBER: SB 522

NOTE PREPARED: Feb 26, 2013

BILL AMENDED: Feb 25, 2013

SUBJECT: Property Tax Deadlines and Procedures.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR: Rep. M. Smith

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

It changes for property taxation purposes:

- (1) the date a reassessment of a group of parcels in a particular class of real property begins to May 1;
- (2) the assessment and valuation date for property to January 1;
- (3) the personal property tax return filing date to May 1;
- (4) the date after which changes on an amended property tax roll over as a credit to a subsequent year to April 1;
- (5) the exemption filing date to April 1;
- (6) the deduction application filing date to June 1 (if the application is required by law to be filed with the county auditor) and April 1 (if the property is a mobile home or the application is required by law to be filed with a public official other than the county auditor);
- (7) the date assessment records are transferred to the auditor to June 1; and
- (8) the property tax installment dates to May 20 and November 20.

The bill requires that property tax statements must be sent at least 30 days before the first installment is due.

It requires the Department of Local Government Finance (DLGF) to certify to each county the assessed values tentatively determined for public utilities by June 1, and it changes dates for the delivery of certain reports to the DLGF.

It organizes deduction application procedures in a new chapter of law.

The bill provides that eligibility for a deduction or exemption is determined on the assessment date and subsequent changes in owners or the property do not affect eligibility. It also allows a county fiscal body to adopt an ordinance to authorize a homestead to receive a standard deduction (and any other deduction or credit that is available to property that has a standard deduction) if the homestead becomes eligible for a standard deduction after a change in ownership.

The bill also requires the Legislative Council to provide for the introduction of legislation in the 2014 session of the General Assembly to make conforming amendments to provisions of the law not included in this act.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill would have an indeterminate, but likely minimal fiscal impact on the Department of Local Government Finance (DLGF). Under the bill, DLGF is to certify tentative assessed values to county assessors and auditors by June 1.

Explanation of State Revenues: A new civil penalty is established for failing to file a certified statement with the county auditor indicating that a property no longer qualifies for a deduction. The penalty is equal to 10% of the additional taxes due, and 1% of the penalty collected is transferred to the DLGF for operation of its homestead property database, or if any amount remains, for any other purpose. The civil penalty is in addition to any other interest and penalties that may accrue for late payment of taxes. There are no data available to estimate how many people may be late in filing.

Summary of NET Local Impact: The bill would have an indeterminate, but potentially minimal fiscal impact on local taxing units after the first year implementing new dates for filings, assessments, and reporting dates. The added penalty for failing to file when a property becomes ineligible for a deduction could increase revenues.

Explanation of Local Expenditures: The bill would have an indeterminate, but likely minimal fiscal impact on local taxing units.

The bill changes many filing, assessing, and reporting dates, in most cases moving the date forward by 30 to 60 days. While these changes may cause some additional cost in the first year of implementation, the dates will be annualized and, as a result, these changes are not expected to have any long run fiscal impact. The most significant change is the moving forward the date to claim a deduction on a property to June 1.

The bill provides guidance for the application of deductions when the ownership or use of the property changes. This may lead to more uniform application in taxing districts throughout the state.

Explanation of Local Revenues: Civil taxing units and school corporations would share 99% of the civil penalty received when the owner or owners fail to file a statement indicating that a property no longer qualifies for a deduction.

State Agencies Affected: DLGF.

Local Agencies Affected: Taxing units.

Information Sources:

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